



FOR IMMEDIATE RELEASE

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SIGTARP RECOGNIZED FOR EXCELLENCE IN INVESTIGATIONS AND AUDITING

Investigations Team Receives Two 2014 CIGIE Investigation Awards for Excellence

Audit Team Receives 2014 CIGIE Audit Award for Excellence

WASHINGTON, DC - The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) today announced that its Investigations team, in conjunction with federal partners, has been awarded two 2014 Investigation Awards for Excellence and its Audit team has been awarded a 2014 Audit Award for Excellence by the Council of the Inspectors General on Integrity and Efficiency (CIGIE).

"The SIGTARP Investigations and Audit teams recognized for excellence are groundbreaking; bring accountability, justice, and transparency for taxpayers; and are true examples of teamwork and effectiveness in the federal government," said Christy Romero, Special Inspector General for TARP (SIGTARP). "SIGTARP's investigation with the New York Attorney General's Office of former Bank of America CEO Ken Lewis and former CFO Joe Price exposed fraudulent misrepresentations about the Merrill Lynch merger made to shareholders and to the government to get an additional \$20 billion in TARP funds. SIGTARP's investigation with the U.S. Attorney's Office for the Eastern District of Virginia of fraud on the books and records of the now-defunct Bank of the Commonwealth, including on the books used to apply for TARP, resulted in 10 convictions including a 23-year prison sentence for the bank's former CEO Edward Woodard. SIGTARP's audit of the flawed process to move many small banks out of TARP and into the non-TARP Small Business Lending Fund so that the banks could increase small business lending revealed that these banks had not effectively increased lending. The audit revealed that Treasury and federal banking regulators did not adequately assess whether the banks' plans to increase lending were achievable, as Treasury and regulators each claimed that the other had the responsibility to assess the lending plans at the time of application to the non-TARP program. We are very proud that the SIGTARP staff working on these important investigations and audit, along with the staff at our partner agencies, were recognized as a team today for their steadfast commitment to promoting TARP transparency, exposing fraud related to TARP, and ensuring accountability over TARP programs and taxpayer funds."

First Investigation Award for Excellence

A 2014 Investigation Award for Excellence was presented jointly to the SIGTARP Investigations team for the outstanding investigation of a multibillion dollar bank fraud, securities fraud, and TARP-related fraud scheme involving the merger of Bank of America Corporation and Merrill Lynch & Co. The investigation determined that former Bank of America Chief Executive Officer Kenneth D. Lewis and former Chief

Financial Officer Joe L. Price failed to disclose potential monetary losses of approximately \$9 billion that Merrill Lynch amassed prior to individual shareholders voting on a proposed merger of the two institutions. Furthermore, at that time, Bank of America's management sought massive financial assistance from the federal government. \$15 billion in federal taxpayer funds was invested in Bank of America on October 28, 2008, through the U.S. Department of the Treasury Troubled Asset Relief Program (TARP). An additional \$10 billion in TARP funds was invested in the bank on January 9, 2009, following its merger with Merrill Lynch. A final installment of \$20 billion in TARP funds was invested in the bank on January 16, 2009. During this period of time, bank executives argued that there had been an unexpected "material adverse change" in Merrill Lynch's financial condition, which was not true. Bank of America's management continued to conceal Merrill Lynch's forecasted losses until mid-January 2009. After the merger of the two financial institutions, it was disclosed that Merrill Lynch had sustained multibillion dollar losses, which led to a \$50 billion dollar sell-off in Bank of America's stock, resulting in significant losses to many shareholders and investors. For more information about the case, see the respective case description on the Investigations page of the SIGTARP website, located here: <http://go.usa.gov/Gqt5>.

SIGTARP employees recognized for their individual contributions during the investigation include:

- Larry Hart, Senior Special Agent
- Kristen Lange, Special Agent
- Kevin Gerrity, Chief Investigative Counsel
- Rae Oliver, Assistant Chief Investigative Counsel

The New York State Office of the Attorney General worked jointly with SIGTARP to uncover and investigate the fraud scheme.

Second Investigation Award for Excellence

A second 2014 Investigation Award for Excellence was presented jointly to the SIGTARP Investigations team for outstanding cooperation in uncovering and investigating a multimillion dollar bank fraud, securities fraud, and TARP-related fraud scheme involving Bank of the Commonwealth. Through a criminal investigation, it was determined that senior executives at the bank conspired with one another and defrauded the institution out of \$71 million through a series of faulty banking practices and fraud schemes to hide the bank's declining loan portfolio and to benefit personally. For more information about the case, see the respective case description on the Investigations page of the SIGTARP website, located here: <http://go.usa.gov/Gqt5>.

SIGTARP employees recognized for their individual contributions during the investigation include:

- Larry Hart, Senior Special Agent
- Peter Smyth-Hammond, Special Agent
- Scott Rubin, Special Agent
- Troy Bettencourt, Special Agent
- David Shaver, Special Agent
- Kim Davis, Special Agent
- Ilyse Soffer, Analyst
- Neil Ruhland, Analyst
- Brendan McDermond, Analyst

The following federal entities worked jointly with SIGTARP to uncover and investigate the fraud scheme:

- Internal Revenue Service - Criminal Investigation
- Federal Deposit Insurance Corporation Office of Inspector General
- Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau Office of Inspector General
- Federal Bureau of Investigation
- U.S. Attorney's Office for the Eastern District of Virginia

Audit Award for Excellence

As part of SIGTARP's continuing oversight of TARP, the agency's Audit team conducted an audit to determine whether the U.S. Department of the Treasury and federal banking regulators consistently evaluated applications submitted by TARP banks to refinance out of TARP and into the Small Business Lending Fund (SBLF). The SIGTARP Audit team was awarded a 2014 Audit Award for Excellence for identifying weaknesses in the implementation of SBLF. For a copy of the report and a list key findings and conclusions, see here: <http://go.usa.gov/Gqth>.

SIGTARP employees recognized for their individual contributions during the audit include:

- Bruce Gimbel, Deputy Special Inspector General
- Shawn Graham, Program Analyst
- Roxanne Caruso, Former Auditor
- Mary Jean, Auditor
- Sean Morgan, Auditor

About SIGTARP

The Office of the Special Inspector General for the Troubled Asset Relief Program investigates fraud, waste, and abuse in connection with TARP.

To report suspected illicit activity involving TARP, dial the **SIGTARP Hotline**: 1-877-SIG-2009 (1-877-744-2009).

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